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RICHARD L. SALLQUIST

February 28, 2001

FAX: 542-4230

Stephen Gibelli
Administrative Law Judge
Arizona Corporation Commission
Hearing Division
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission

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Re: Rio Verde Utilities, Inc.; Docket Numbers: WS-02156A-00-0312 & 0323.

Dear Judge Gibelli:

At the hearing in the Subject Docket, we read into the record the terms and conditions of the Settlement among the parties. Included in that Settlement where the particulars of the proposed financing, including the reference to the probable lender, CoBank. Subsequent to the hearing, the Company has advised me that they would prefer to maintain their flexibility in negotiating the financing by adding a qualifying phrase to the reference to CoBank. The Company would like the Order to include the following insert immediately following "CoBank"; "or any other lender under terms and conditions no less favorable to the Company".

No other term or condition of the Settlement would need to be be revised, and this revision would have no impact to on any other agreed-upon reference to the plant, return, or revenue requirement contained in the Settlement.

In your deliberations and preparation of the Recommended Order, the Company would appreciate your incorporating the suggested phrase in the Settlement that would provide the referenced flexibility and would assure the Company the ability to negotiate the best terms for the loan. Thank you for your assistance in this regard.

Sincerely,

Richard L. Sallquist

For the Firm

**Enclosures** 

cc: Docket Control (10 Copies)

Teena Wolfe (via fax: 542-4870) Tom Mumaw (via fax: 382-6070) Dan Pozefsky (via fax: 285-0350) David Ritchie (via fax: 480-471-7636)